

ANNUAL STATEMENT

For the Year Ending December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

HealthPlus of Michigan, Inc.

NAIC Group Code	3409	3409	NAIC Company Code	95580	Employer's ID Number	38-2160688
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[X] No[ ] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	08/09/1977		Commenced Business	10/15/1979		
Statutory Home Office	2050 South Linden Road		Flint, MI 48532			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office			2050 South Linden Road			
			(Street and Number)			
	Flint, MI 48532				(800)332-9161	
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)	
Mail Address	2050 South Linden Road, P.O. Box 1700		Flint, MI 48501-1700			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records			2050 South Linden Road			
			(Street and Number)			
	Flint, MI 48532				(800)332-9161	
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)	
Internet Website Address	www.healthplus.org					
Statutory Statement Contact	Matthew Andrew Mendrygal, C.P.A.		(810)230-2179			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	mmendryg@healthplus.com		(810)733-8966			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title
Bruce Roberts Hill	President
Matthew Andrew Mendrygal C.P.A.	Chief Financial Officer
Roger LaVerne Sharp	Treasurer

OTHERS

Richard Sidney Frank MD, MHSA, Vice President - Chief Medical Officer  
Erik Dorwin Helms, VP - Provider Network Development/Business Intell.

Robert Winslow Lincoln, Jr., Senior Director of Administrative Services #  
Nancy Susan Jenkins, Vice President - Membership Growth

DIRECTORS OR TRUSTEES

Jack Louis Barry MD  
Duane Edward Zuckschwerdt  
Steven Craig Worden  
Stephanie Lynn Whisiker-Lewis DO  
Patrick Allen Campbell  
Roger LaVerne Sharp  
Norwood Heselbach Jewell  
Randy D. Hicks MD #

Vernon Lee Burns  
Peggy Joyce Tortorice  
James Michael Van Tiflin  
Christopher John Flores  
Larry Leigh Carr DO  
Miles Conrad Owens  
Franz Michael Jaggi DO #  
Thomas Svitkovich #

State ofMichigan

County ofGeneseess

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Bruce Roberts Hill	Matthew Andrew Mendrygal	Roger LaVerne Sharp
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Chief Financial Officer	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
day of , 2012

a. Is this an original filing?  
b. If no, 1. State the amendment number  
2. Date filed  
3. Number of pages attached

Yes[X] No[ ]  
0  
0

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	12,355,324	0	12,355,324	13,277,392
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....	0	0	0	0
2.2	Common Stocks .....	56,385,048	0	56,385,048	60,500,034
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....	0	0	0	0
3.2	Other than first liens .....	0	0	0	0
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....	4,779,103	0	4,779,103	5,451,033
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....	0	0	0	0
4.3	Properties held for sale (less \$.....0 encumbrances) .....	0	0	0	0
5.	Cash (\$.....11,058,793 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....74,720,389 Schedule DA) .....	85,779,182	0	85,779,182	56,503,586
6.	Contract loans (including \$.....0 premium notes) .....	0	0	0	0
7.	Derivatives (Schedule DB) .....	0	0	0	0
8.	Other invested assets (Schedule BA) .....	0	0	0	0
9.	Receivables for securities .....	0	0	0	0
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....	0	0	0	0
11.	Aggregate write-ins for invested assets .....	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	159,298,657	0	159,298,657	135,732,045
13.	Title plants less \$.....0 charged off (for Title insurers only) .....	0	0	0	0
14.	Investment income due and accrued .....	105,957	0	105,957	96,027
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	3,325,995	0	3,325,995	16,307,387
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....	0	0	0	0
15.3	Accrued retrospective premiums .....	2,166,909	0	2,166,909	0
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	0	0	0	0
16.2	Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3	Other amounts receivable under reinsurance contracts .....	0	0	0	0
17.	Amounts receivable relating to uninsured plans .....	433,035	0	433,035	0
18.1	Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
18.2	Net deferred tax asset .....	0	0	0	0
19.	Guaranty funds receivable or on deposit .....	0	0	0	0
20.	Electronic data processing equipment and software .....	4,081,981	2,842,801	1,239,180	1,070,813
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....	375,119	375,119	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23.	Receivables from parent, subsidiaries and affiliates .....	719,138	0	719,138	2,387,943
24.	Health care (\$.....2,945,939) and other amounts receivable .....	2,977,730	0	2,977,730	3,834,310
25.	Aggregate write-ins for other than invested assets .....	1,067,507	1,067,507	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	174,552,028	4,285,427	170,266,601	159,428,525
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28.	Total (Lines 26 and 27) .....	174,552,028	4,285,427	170,266,601	159,428,525
DETAILS OF WRITE-INS					
1101.	.....	0	0	0	0
1102.	.....	0	0	0	0
1103.	.....	0	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501.	Prepaid Expenses .....	1,067,507	1,067,507	0	0
2502.	.....	0	0	0	0
2503.	.....	0	0	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,067,507	1,067,507	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	49,197,430	0	49,197,430	41,901,261
2.	Accrued medical incentive pool and bonus amounts .....	14,825,068	0	14,825,068	15,482,348
3.	Unpaid claims adjustment expenses .....	554,396	0	554,396	480,760
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	0	0	0	0
5.	Aggregate life policy reserves .....	0	0	0	0
6.	Property/casualty unearned premium reserves .....	0	0	0	0
7.	Aggregate health claim reserves .....	0	0	0	0
8.	Premiums received in advance .....	1,028,164	0	1,028,164	2,244,151
9.	General expenses due or accrued .....	7,105,382	0	7,105,382	7,127,151
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	0	0	0	0
10.2	Net deferred tax liability .....	0	0	0	0
11.	Ceded reinsurance premiums payable .....	0	0	0	0
12.	Amounts withheld or retained for the account of others .....	80,414	0	80,414	73,127
13.	Remittances and items not allocated .....	0	0	0	0
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....	0	0	0	0
15.	Amounts due to parent, subsidiaries and affiliates .....	1,216,710	0	1,216,710	936,050
16.	Derivatives .....	0	0	0	0
17.	Payable for securities .....	0	0	0	0
18.	Payable for securities lending .....	0	0	0	0
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....	0	0	0	0
20.	Reinsurance in unauthorized companies .....	0	0	0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
22.	Liability for amounts held under uninsured plans .....	0	0	0	0
23.	Aggregate write-ins for other liabilities (including \$.....151,759 current) .....	151,759	0	151,759	60,569
24.	TOTAL Liabilities (Lines 1 to 23) .....	74,159,323	0	74,159,323	68,305,417
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X	0	0
26.	Common capital stock .....	X X X	X X X	0	0
27.	Preferred capital stock .....	X X X	X X X	0	0
28.	Gross paid in and contributed surplus .....	X X X	X X X	170,511	170,511
29.	Surplus notes .....	X X X	X X X	0	0
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X	0	0
31.	Unassigned funds (surplus) .....	X X X	X X X	95,936,767	90,952,597
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X	0	0
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X	0	0
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	96,107,278	91,123,108
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	170,266,601	159,428,525
DETAILS OF WRITE-INS					
2301.	Other Current Liabilities .....	151,759	0	151,759	60,569
2302.	.....	0	0	0	0
2303.	.....	0	0	0	0
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	151,759	0	151,759	60,569
2501.	.....	X X X	X X X	0	0
2502.	.....	X X X	X X X	0	0
2503.	.....	X X X	X X X	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X	0	0
3001.	.....	X X X	X X X	0	0
3002.	.....	X X X	X X X	0	0
3003.	.....	X X X	X X X	0	0
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X	0	0
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	883,478	883,361
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	481,337,427	444,026,530
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....	0	0
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....	0	0
5.	Risk revenue .....	X X X .....	0	0
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	0	0
7.	Aggregate write-ins for other non-health revenues .....	X X X .....	0	0
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	481,337,427	444,026,530
Hospital and Medical:				
9.	Hospital/medical benefits .....	0	330,797,286	301,235,273
10.	Other professional services .....	0	0	0
11.	Outside referrals .....	0	0	0
12.	Emergency room and out-of-area .....	0	18,287,683	16,604,351
13.	Prescription drugs .....	0	64,104,769	62,240,867
14.	Aggregate write-ins for other hospital and medical .....	0	2,204	5,518
15.	Incentive pool, withhold adjustments and bonus amounts .....	0	17,959,292	18,595,422
16.	Subtotal (Lines 9 to 15) .....	0	431,151,234	398,681,431
Less:				
17.	Net reinsurance recoveries .....	0	0	91,644
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....	0	431,151,234	398,589,787
19.	Non-health claims (net) .....	0	0	0
20.	Claims adjustment expenses, including \$.....3,570,337 cost containment expenses .....	0	6,763,802	6,391,413
21.	General administrative expenses .....	0	38,687,151	36,856,579
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....	0	0	0
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....	0	476,602,187	441,837,779
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	4,735,240	2,188,751
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	0	3,859,389	827,801
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....	0	103,258	88,467
27.	Net investment gains (losses) (Lines 25 plus 26) .....	0	3,962,647	916,268
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....	0	0	0
29.	Aggregate write-ins for other income or expenses .....	0	5,747	4,971
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	8,703,634	3,109,990
31.	Federal and foreign income taxes incurred .....	X X X .....	0	0
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	8,703,634	3,109,990
DETAILS OF WRITE-INS				
0601.	.....	X X X .....	0	0
0602.	.....	X X X .....	0	0
0603.	.....	X X X .....	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	0	0
0701.	.....	X X X .....	0	0
0702.	.....	X X X .....	0	0
0703.	.....	X X X .....	0	0
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....	0	0
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....	0	0
1401.	Other Medical Expense .....	0	2,204	5,518
1402.	.....	0	0	0
1403.	.....	0	0	0
1498.	Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	2,204	5,518
2901.	Other Revenue .....	0	5,747	4,971
2902.	.....	0	0	0
2903.	.....	0	0	0
2998.	Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....	0	5,747	4,971

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	91,123,108	86,376,711
34.	Net income or (loss) from Line 32 .....	8,703,634	3,109,990
35.	Change in valuation basis of aggregate policy and claim reserves .....	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(4,359,708)	1,962,585
37.	Change in net unrealized foreign exchange capital gain or (loss) .....	0	0
38.	Change in net deferred income tax .....	0	0
39.	Change in nonadmitted assets .....	640,244	(326,178)
40.	Change in unauthorized reinsurance .....	0	0
41.	Change in treasury stock .....	0	0
42.	Change in surplus notes .....	0	0
43.	Cumulative effect of changes in accounting principles .....	0	0
44.	Capital Changes:		
44.1	Paid in .....	0	0
44.2	Transferred from surplus (Stock Dividend) .....	0	0
44.3	Transferred to surplus .....	0	0
45.	Surplus adjustments:		
45.1	Paid in .....	0	0
45.2	Transferred to capital (Stock Dividend) .....	0	0
45.3	Transferred from capital .....	0	0
46.	Dividends to stockholders .....	0	0
47.	Aggregate write-ins for gains or (losses) in surplus .....	0	0
48.	Net change in capital and surplus (Lines 34 to 47) .....	4,984,170	4,746,397
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	96,107,278	91,123,108
DETAILS OF WRITE-INS			
4701.	.....	0	0
4702.	.....	0	0
4703.	.....	0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	0	0

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	491,241,465	433,321,033
2.	Net investment income .....	3,923,516	1,040,401
3.	Miscellaneous income .....	0	0
4.	Total (Lines 1 through 3) .....	495,164,981	434,361,434
5.	Benefit and loss related payments .....	423,668,973	407,315,863
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	42,958,344	41,745,190
8.	Dividends paid to policyholders .....	0	0
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	0	0
10.	Total (Lines 5 through 9) .....	466,627,317	449,061,053
11.	Net cash from operations (Line 4 minus Line 10) .....	28,537,664	(14,699,619)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	1,250,000	10,534,580
12.2	Stocks .....	360,902	479,577
12.3	Mortgage loans .....	0	0
12.4	Real estate .....	0	0
12.5	Other invested assets .....	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	6,182	5,717
12.7	Miscellaneous proceeds .....	0	0
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	1,617,084	11,019,874
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	401,987	413,026
13.2	Stocks .....	508,547	10,237,125
13.3	Mortgage loans .....	0	0
13.4	Real estate .....	254,704	1,012,742
13.5	Other invested assets .....	0	0
13.6	Miscellaneous applications .....	0	0
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	1,165,238	11,662,893
14.	Net increase (decrease) in contract loans and premium notes .....	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	451,846	(643,019)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....	0	0
16.2	Capital and paid in surplus, less treasury stock .....	0	0
16.3	Borrowed funds .....	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5	Dividends to stockholders .....	0	0
16.6	Other cash provided (applied) .....	286,086	(4,464,980)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	286,086	(4,464,980)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	29,275,596	(19,807,618)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	56,503,586	76,311,204
19.2	End of year (Line 18 plus Line 19.1) .....	85,779,182	56,503,586

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....	0	0
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	481,337,427	271,528,827	0	0	0	15,996,681	193,811,919	0	0	0
2.	Change in unearned premium reserves and reserve for rate credit .....	0	0	0	0	0	0	0	0	0	0
3.	Fee-for-service (net of \$.....0 medical expenses) .....	0	0	0	0	0	0	0	0	0	X X X
4.	Risk revenue .....	0	0	0	0	0	0	0	0	0	X X X
5.	Aggregate write-ins for other health care related revenues .....	0	0	0	0	0	0	0	0	0	X X X
6.	Aggregate write-ins for other non-health care related revenues .....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
7.	TOTAL Revenues (Lines 1 to 6) .....	481,337,427	271,528,827	0	0	0	15,996,681	193,811,919	0	0	0
8.	Hospital/medical benefits .....	330,797,286	180,779,763	0	0	0	10,395,265	139,622,258	0	0	X X X
9.	Other professional services .....	0	0	0	0	0	0	0	0	0	X X X
10.	Outside referrals .....	0	0	0	0	0	0	0	0	0	X X X
11.	Emergency room and out-of-area .....	18,287,683	13,496,891	0	0	0	819,066	3,971,726	0	0	X X X
12.	Prescription drugs .....	64,104,769	35,642,069	0	0	0	1,912,709	26,549,991	0	0	X X X
13.	Aggregate write-ins for other hospital and medical .....	2,204	2,204	0	0	0	0	0	0	0	X X X
14.	Incentive pool, withhold adjustments and bonus amounts .....	17,959,292	14,600,807	0	0	0	595,426	2,763,059	0	0	X X X
15.	Subtotal (Lines 8 to 14) .....	431,151,234	244,521,734	0	0	0	13,722,466	172,907,034	0	0	X X X
16.	Net reinsurance recoveries .....	0	0	0	0	0	0	0	0	0	X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	431,151,234	244,521,734	0	0	0	13,722,466	172,907,034	0	0	X X X
18.	Non-health claims (net) .....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
19.	Claims adjustment expenses including \$.....3,570,337 cost containment expenses .....	6,763,802	4,272,882	0	0	0	268,565	2,222,355	0	0	0
20.	General administrative expenses .....	38,687,151	24,439,751	0	0	0	1,536,119	12,711,281	0	0	0
21.	Increase in reserves for accident and health contracts .....	0	0	0	0	0	0	0	0	0	X X X
22.	Increase in reserves for life contracts .....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	476,602,187	273,234,367	0	0	0	15,527,150	187,840,670	0	0	0
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	4,735,240	(1,705,540)	0	0	0	469,531	5,971,249	0	0	0
DETAILS OF WRITE-INS											
0501.	.....	0	0	0	0	0	0	0	0	0	X X X
0502.	.....	0	0	0	0	0	0	0	0	0	X X X
0503.	.....	0	0	0	0	0	0	0	0	0	X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	X X X
0601.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0602.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0603.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
1301.	Other Medical .....	2,204	2,204	0	0	0	0	0	0	0	X X X
1302.	.....	0	0	0	0	0	0	0	0	0	X X X
1303.	.....	0	0	0	0	0	0	0	0	0	X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	2,204	2,204	0	0	0	0	0	0	0	X X X

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	271,998,398	0	469,571	271,528,827
2.	Medicare Supplement .....	0	0	0	0
3.	Dental only .....	0	0	0	0
4.	Vision only .....	0	0	0	0
5.	Federal Employees Health Benefits Plan .....	16,024,969	0	28,288	15,996,681
6.	Title XVIII - Medicare .....	193,854,241	0	42,322	193,811,919
7.	Title XIX - Medicaid .....	0	0	0	0
8.	Other health .....	0	0	0	0
9.	Health subtotal (Lines 1 through 8) .....	481,877,608	0	540,181	481,337,427
10.	Life .....	0	0	0	0
11.	Property/casualty .....	0	0	0	0
12.	TOTALS (Lines 9 to 11) .....	481,877,608	0	540,181	481,337,427

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	405,052,401	228,471,326	0	0	0	12,248,295	164,332,780	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	405,052,401	228,471,326	0	0	0	12,248,295	164,332,780	0	0	0
2. Paid medical incentive pools and bonuses	18,616,572	15,902,492	0	0	0	202,877	2,511,203	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	49,197,430	27,652,145	0	0	0	1,860,745	19,684,540	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	49,197,430	27,652,145	0	0	0	1,860,745	19,684,540	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	14,825,068	12,370,410	0	0	0	595,426	1,859,232	0	0	0
6. Net healthcare receivables (a)	(843,372)	(351,467)	0	0	0	0	(491,905)	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	41,901,261	26,554,011	0	0	0	982,000	14,365,250	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	41,901,261	26,554,011	0	0	0	982,000	14,365,250	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	15,482,348	13,672,095	0	0	0	202,877	1,607,376	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	413,191,942	229,920,927	0	0	0	13,127,040	170,143,975	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	413,191,942	229,920,927	0	0	0	13,127,040	170,143,975	0	0	0
13. Incurred medical incentive pools and bonuses	17,959,292	14,600,807	0	0	0	595,426	2,763,059	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	19,353,203	8,852,799	0	0	0	1,041,140	9,459,264	0	0	0
1.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
1.4 Net .....	19,353,203	8,852,799	0	0	0	1,041,140	9,459,264	0	0	0
2. Incurred but Unreported:										
2.1 Direct .....	27,300,401	16,976,695	0	0	0	723,503	9,600,203	0	0	0
2.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
2.4 Net .....	27,300,401	16,976,695	0	0	0	723,503	9,600,203	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	2,543,826	1,822,651	0	0	0	96,102	625,073	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	2,543,826	1,822,651	0	0	0	96,102	625,073	0	0	0
4. TOTALS										
4.1 Direct .....	49,197,430	27,652,145	0	0	0	1,860,745	19,684,540	0	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	49,197,430	27,652,145	0	0	0	1,860,745	19,684,540	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	24,543,722	208,399,983	1,380,631	26,271,514	25,924,353	26,554,011
2.	Medicare Supplement .....	0	0	0	0	0	0
3.	Dental only .....	0	0	0	0	0	0
4.	Vision only .....	0	0	0	0	0	0
5.	Federal Employees Health Benefits Plan .....	895,244	11,353,051	0	1,860,745	895,244	982,000
6.	Title XVIII - Medicare .....	14,755,484	150,629,268	307,104	19,377,436	15,062,588	14,365,250
7.	Title XIX - Medicaid .....	0	0	0	0	0	0
8.	Other health .....	0	0	0	0	0	0
9.	Health subtotal (Lines 1 to 8) .....	40,194,450	370,382,302	1,687,735	47,509,695	41,882,185	41,901,261
10.	Healthcare receivables (a) .....	3,131,275	2,393,076	500,000	2,445,940	3,631,275	3,789,312
11.	Other non-health .....	0	0	0	0	0	0
12.	Medical incentive pool and bonus amounts .....	15,414,066	3,202,501	1,735,545	13,089,523	17,149,611	15,482,348
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	52,477,241	371,191,727	2,923,280	58,153,278	55,400,521	53,594,297

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	57,201	0	0	0	0
2.	2007 .....	299,645	63,116	0	0	0
3.	2008 .....	X X X	302,348	60,004	0	0
4.	2009 .....	X X X	X X X	331,388	57,583	0
5.	2010 .....	X X X	X X X	X X X	349,766	52,477
6.	2011 .....	X X X	X X X	X X X	X X X	371,192

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	62,118	0	0	0	0
2.	2007 .....	363,906	65,283	0	0	0
3.	2008 .....	X X X	365,083	62,265	0	0
4.	2009 .....	X X X	X X X	394,113	62,687	0
5.	2010 .....	X X X	X X X	X X X	402,045	55,900
6.	2011 .....	X X X	X X X	X X X	X X X	431,791

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	413,167	362,762	12,495	3.444	375,257	90.825	0	0	375,257	90.825
2.	2008 .....	417,708	362,352	12,398	3.422	374,750	89.716	0	0	374,750	89.716
3.	2009 .....	436,068	388,971	9,640	2.478	398,611	91.410	0	0	398,611	91.410
4.	2010 .....	444,574	402,243	6,305	1.567	408,548	91.897	3,423	0	411,971	92.666
5.	2011 .....	481,877	371,192	5,864	1.580	377,056	78.247	60,599	554	438,209	90.938

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	47,819	0	0	0	0
2.	2007 .....	261,922	56,610	0	0	0
3.	2008 .....	X X X	266,440	52,268	0	0
4.	2009 .....	X X X	X X X	228,568	42,252	0
5.	2010 .....	X X X	X X X	X X X	204,887	36,053
6.	2011 .....	X X X	X X X	X X X	X X X	208,321

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	52,590	0	0	0	0
2.	2007 .....	317,223	58,093	0	0	0
3.	2008 .....	X X X	320,779	54,246	0	0
4.	2009 .....	X X X	X X X	273,983	46,317	0
5.	2010 .....	X X X	X X X	X X X	241,048	38,191
6.	2011 .....	X X X	X X X	X X X	X X X	246,205

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	362,686	318,532	11,013	3.457	329,545	90.862	0	0	329,545	90.862
2.	2008 .....	365,510	318,708	10,764	3.377	329,472	90.140	0	0	329,472	90.140
3.	2009 .....	298,405	270,820	6,244	2.306	277,064	92.848	0	0	277,064	92.848
4.	2010 .....	263,504	240,940	3,663	1.520	244,603	92.827	2,138	0	246,741	93.638
5.	2011 .....	271,998	208,321	3,610	1.733	211,931	77.916	37,884	329	250,144	91.965

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)  
Federal Employees Health Benefits Plan Premiums  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	777	0	0	0	0
2.	2007 .....	6,051	763	0	0	0
3.	2008 .....	X X X	7,303	712	0	0
4.	2009 .....	X X X	X X X	8,166	887	0
5.	2010 .....	X X X	X X X	X X X	8,671	1,098
6.	2011 .....	X X X	X X X	X X X	X X X	11,353

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	856	0	0	0	0
2.	2007 .....	6,998	947	0	0	0
3.	2008 .....	X X X	8,443	712	0	0
4.	2009 .....	X X X	X X X	9,265	887	0
5.	2010 .....	X X X	X X X	X X X	9,856	1,098
6.	2011 .....	X X X	X X X	X X X	X X X	13,809

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	7,015	6,815	210	3.081	7,025	100.143	0	0	7,025	100.143
2.	2008 .....	8,738	8,015	260	3.244	8,275	94.701	0	0	8,275	94.701
3.	2009 .....	9,103	9,053	209	2.309	9,262	101.747	0	0	9,262	101.747
4.	2010 .....	11,188	9,769	165	1.689	9,934	88.792	0	0	9,934	88.792
5.	2011 .....	16,025	11,353	247	2.176	11,600	72.387	2,456	0	14,056	87.713

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	8,605	0	0	0	0
2.	2007 .....	31,672	5,743	0	0	0
3.	2008 .....	X X X	28,605	7,024	0	0
4.	2009 .....	X X X	X X X	94,654	14,444	0
5.	2010 .....	X X X	X X X	X X X	136,208	15,326
6.	2011 .....	X X X	X X X	X X X	X X X	151,518

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	8,672	0	0	0	0
2.	2007 .....	39,685	6,243	0	0	0
3.	2008 .....	X X X	35,861	7,307	0	0
4.	2009 .....	X X X	X X X	110,865	15,483	0
5.	2010 .....	X X X	X X X	X X X	151,141	16,611
6.	2011 .....	X X X	X X X	X X X	X X X	171,777

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	43,466	37,415	1,272	3.400	38,687	89.005	0	0	38,687	89.005
2.	2008 .....	43,460	35,629	1,374	3.856	37,003	85.143	0	0	37,003	85.143
3.	2009 .....	128,560	109,098	3,187	2.921	112,285	87.341	0	0	112,285	87.341
4.	2010 .....	169,882	151,534	2,477	1.635	154,011	90.658	1,285	0	155,296	91.414
5.	2011 .....	193,854	151,518	2,007	1.325	153,525	79.196	20,259	225	174,009	89.763

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....862,560 for occupancy of own building) .....	0	0	1,171,592	0	1,171,592
2.	Salaries, wages and other benefits .....	2,036,604	1,746,577	38,420,707	0	42,203,888
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....	0	0	2,472,146	0	2,472,146
4.	Legal fees and expenses .....	0	0	282,360	0	282,360
5.	Certifications and accreditation fees .....	0	0	0	0	0
6.	Auditing, actuarial and other consulting services .....	336	0	871,979	0	872,315
7.	Traveling expenses .....	15,427	6,257	666,944	0	688,628
8.	Marketing and advertising .....	4,467	0	3,658,843	0	3,663,310
9.	Postage, express and telephone .....	139,309	181,131	995,977	0	1,316,417
10.	Printing and office supplies .....	66,832	55,588	958,697	0	1,081,117
11.	Occupancy, depreciation and amortization .....	169,999	85,446	1,760,119	0	2,015,564
12.	Equipment .....	314	660	236,212	0	237,186
13.	Cost or depreciation of EDP equipment and software .....	310,954	654,269	6,384,216	0	7,349,439
14.	Outsourced services including EDP, claims, and other services .....	599,182	314,631	2,765,666	0	3,679,479
15.	Boards, bureaus and association fees .....	3,684	2,648	474,747	0	481,079
16.	Insurance, except on real estate .....	0	0	375,663	0	375,663
17.	Collection and bank service charges .....	0	0	115,281	67,603	182,884
18.	Group service and administration fees .....	0	0	0	0	0
19.	Reimbursements by uninsured plans .....	0	0	0	0	0
20.	Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21.	Real estate expenses .....	0	0	0	0	0
22.	Real estate taxes .....	0	0	183,821	0	183,821
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....	0	0	0	0	0
23.2	State premium taxes .....	0	0	0	0	0
23.3	Regulator authority licenses and fees .....	0	0	0	0	0
23.4	Payroll taxes .....	153,719	132,828	2,120,685	0	2,407,232
23.5	Other (excluding federal income and real estate taxes) .....	0	0	12,076	0	12,076
24.	Investment expenses not included elsewhere .....	0	0	0	0	0
25.	Aggregate write-ins for expenses .....	69,510	13,430	(25,240,580)	0	(25,157,640)
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	3,570,337	3,193,465	38,687,151	67,603	(a) 45,518,556
27.	Less expenses unpaid December 31, current year .....	198,787	355,609	7,105,382	0	7,659,778
28.	Add expenses unpaid December 31, prior year .....	176,872	303,888	7,127,151	0	7,607,911
29.	Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0	0
30.	Amounts receivable relating to uninsured plans, current year .....	0	0	0	0	0
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	3,548,422	3,141,744	38,708,920	67,603	45,466,689
DETAILS OF WRITE-INS						
2501.	Conferences, Seminars, and Training .....	14,021	2,280	65,845	0	82,146
2502.	Charitable Contributions .....	0	0	394,125	0	394,125
2503.	Affiliates Administrative Fees .....	0	0	(25,958,451)	0	(25,958,451)
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	55,489	11,150	257,901	0	324,540
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	69,510	13,430	(25,240,580)	0	(25,157,640)

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 69,800	..... 73,352
1.1	Bonds exempt from U.S. tax .....	(a)..... 0	..... 0
1.2	Other bonds (unaffiliated) .....	(a)..... 326,915	..... 249,458
1.3	Bonds of affiliates .....	(a)..... 0	..... 0
2.1	Preferred stocks (unaffiliated) .....	(b)..... 0	..... 0
2.11	Preferred stocks of affiliates .....	(b)..... 0	..... 0
2.2	Common stocks (unaffiliated) .....	..... 345,675	..... 346,234
2.21	Common stocks of affiliates .....	..... 2,300,000	..... 2,300,000
3.	Mortgage loans .....	(c)..... 0	..... 0
4.	Real estate .....	(d)..... 862,560	..... 862,560
5.	Contract loans .....	..... 0	..... 0
6.	Cash, cash equivalents and short-term investments .....	(e)..... 120,620	..... 95,388
7.	Derivative instruments .....	(f)..... 0	..... 0
8.	Other invested assets .....	..... 0	..... 0
9.	Aggregate write-ins for investment income .....	..... 0	..... 0
10.	Total gross investment income .....	..... 4,025,570	..... 3,926,992
11.	Investment expenses .....		(g)..... 67,603
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g)..... 0
13.	Interest expense .....		(h)..... 0
14.	Depreciation on real estate and other invested assets .....		(i)..... 0
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total deductions (Lines 11 through 15) .....		..... 67,603
17.	Net Investment income (Line 10 minus Line 16) .....		..... 3,859,389
DETAILS OF WRITE-INS			
0901.	.....	..... 0	..... 0
0902.	.....	..... 0	..... 0
0903.	.....	..... 0	..... 0
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	..... 0	..... 0
1501.	.....		..... 0
1502.	.....		..... 0
1503.	.....		..... 0
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		..... 0
(a) Includes \$.....3,178 accrual of discount less \$.....78,026 amortization of premium and less \$.....14,422 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....862,560 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....67,603 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 0	..... 0	..... 0	..... 0	..... 0
1.1	Bonds exempt from U.S. tax .....	..... 0	..... 0	..... 0	..... 0	..... 0
1.2	Other bonds (unaffiliated) .....	..... 0	..... 0	..... 0	..... 0	..... 0
1.3	Bonds of affiliates .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.1	Preferred stocks (unaffiliated) .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.11	Preferred stocks of affiliates .....	..... 0	..... 0	..... 0	..... 0	..... 0
2.2	Common stocks (unaffiliated) .....	..... 97,076	..... 0	..... 97,076	..... 144,289	..... 0
2.21	Common stocks of affiliates .....	..... 0	..... 0	..... 0	..... (4,503,997)	..... 0
3.	Mortgage loans .....	..... 0	..... 0	..... 0	..... 0	..... 0
4.	Real estate .....	..... 0	..... 0	..... 0	..... 0	..... 0
5.	Contract loans .....	..... 0	..... 0	..... 0	..... 0	..... 0
6.	Cash, cash equivalents and short-term investments .....	..... 6,182	..... 0	..... 6,182	..... 0	..... 0
7.	Derivative instruments .....	..... 0	..... 0	..... 0	..... 0	..... 0
8.	Other invested assets .....	..... 0	..... 0	..... 0	..... 0	..... 0
9.	Aggregate write-ins for capital gains (losses) .....	..... 0	..... 0	..... 0	..... 0	..... 0
10.	Total capital gains (losses) .....	..... 103,258	..... 0	..... 103,258	..... (4,359,708)	..... 0
DETAILS OF WRITE-INS						
0901.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0902.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0903.	.....	..... 0	..... 0	..... 0	..... 0	..... 0
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	..... 0	..... 0	..... 0	..... 0	..... 0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	..... 0	..... 0	..... 0	..... 0	..... 0

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....	0	0	0
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....	0	0	0
2.2	Common stocks .....	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....	0	0	0
3.2	Other than first liens .....	0	0	0
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....	0	0	0
4.2	Properties held for the production of income .....	0	0	0
4.3	Properties held for sale .....	0	0	0
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	0	0	0
6.	Contract loans .....	0	0	0
7.	Derivatives (Schedule DB) .....	0	0	0
8.	Other invested assets (Schedule BA) .....	0	0	0
9.	Receivables for securities .....	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11.	Aggregate write-ins for invested assets .....	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13.	Title plants (for Title insurers only) .....	0	0	0
14.	Invested income due and accrued .....	0	0	0
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	0	305,542	305,542
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	0
15.3	Accrued retrospective premiums .....	0	0	0
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....	0	0	0
16.2	Funds held by or deposited with reinsured companies .....	0	0	0
16.3	Other amounts receivable under reinsurance contracts .....	0	0	0
17.	Amounts receivable relating to uninsured plans .....	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2	Net deferred tax asset .....	0	0	0
19.	Guaranty funds receivable or on deposit .....	0	0	0
20.	Electronic data processing equipment and software .....	2,842,801	2,954,672	111,871
21.	Furniture and equipment, including health care delivery assets .....	375,119	517,332	142,213
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23.	Receivables from parent, subsidiaries and affiliates .....	0	0	0
24.	Health care and other amounts receivable .....	0	0	0
25.	Aggregate write-ins for other than invested assets .....	1,067,507	1,148,125	80,618
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	4,285,427	4,925,671	640,244
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28.	Total (Lines 26 and 27) .....	4,285,427	4,925,671	640,244
DETAILS OF WRITE-INS				
1101.	.....	0	0	0
1102.	.....	0	0	0
1103.	.....	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501.	Prepaid Expenses .....	1,067,507	1,148,125	80,618
2502.	.....	0	0	0
2503.	.....	0	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	1,067,507	1,148,125	80,618

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	72,382	72,463	72,742	72,151	71,671	865,298
2.	Provider Service Organizations .....	0	0	0	0	0	0
3.	Preferred Provider Organizations .....	0	0	0	0	0	0
4.	Point of Service .....	1,508	1,530	1,536	1,489	1,511	18,180
5.	Indemnity Only .....	0	0	0	0	0	0
6.	Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
7.	TOTAL .....	73,890	73,993	74,278	73,640	73,182	883,478
DETAILS OF WRITE-INS							
0601.	.....	0	0	0	0	0	0
0602.	.....	0	0	0	0	0	0
0603.	.....	0	0	0	0	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	0	0	0	0	0	0

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of HealthPlus of Michigan, Inc. (the Company) have been prepared in conformity with the 2011 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual as of March 2011, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2011 Forms and Instructions for Required Filings in Michigan. The Company has no prescribed or permitted practices that affect net income, statutory surplus or risk-based capital to report.

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

The Company reports the value of its home office building at depreciated cost on Schedule A - Part 1. The fair value reported on Schedule A - Part 1 is based on a market analysis prepared for the Company by Mr. Winfield Cooper, President, Cooper Commercial, dated May 31, 2002.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) Loan Backed Securities are stated at amortized cost.
- 7) The Company carries its investment in HealthPlus Partners, Inc. and HealthPlus Insurance Company at Statutory Equity, and its investment in HealthPlus Options at audited GAAP equity.
- 8) The Company has no ownership interests in joint ventures, partnerships, or limited liability companies.
- 9) The Company has no derivatives to report.
- 10) The Company uses anticipated investment income in the calculation of premium deficiency reserves.
- 11) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has not modified its capitalization policy from the prior period.
- 13) Estimated pharmaceutical rebate receivables are based primarily on historical trends.

### 2. Accounting Changes and Corrections of Errors

- A. The Company did not discover any material errors or make any changes in accounting principles as of the Year Ended December 31, 2011

## Notes to Financial Statements

### 3. Business Combinations and Goodwill

- A. Statutory Purchase Method – None
- B. Statutory Merger – None
- C. Assumption Reinsurance – None
- D. Impairment Loss – None

### 4. Discontinued Operations

None.

### 5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – None
- B. Debt Restructuring – None
- C. Reverse Mortgages – None
- D. Loan-Backed Securities – None
- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Real Estate – None
- G. Investments in Low-Income Housing Tax Credits (LIHTC) - None

### 6. Joint Ventures, Partnerships and Limited Liability Companies

None.

### 7. Investment Income

- A. The Company has not excluded from surplus any investment income due and accrued.
- B. Total amount excluded was \$0

### 8. Derivative Instruments

None.

### 9. Income Taxes

- A. Components of Deferred Tax Assets and Deferred Tax Liabilities – None
- B. Unrecognized Deferred Tax Liabilities – None
- C. Components of income tax incurred – The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4).
- D. Book to tax adjustments – None
- E. Loss carry forwards and credit carry forwards – None
- F. Consolidated tax return - None

### 10. Information Concerning Parent, Subsidiaries and Affiliates

A., B. & C.

HealthPlus of Michigan, Inc. has three wholly owned subsidiaries.

HealthPlus Options, Inc. (HPO) began operations in 1990 as a third party administrator. The Company reports its investment in HPO at audited GAAP equity, which amounted to \$1,454,363 in 2011 and \$1,262,993 in 2010 is reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPO for the provision of administrative services. These services amounted to \$4,578,245 in 2011 and \$4,354,706 in 2010.

HealthPlusPartners, Inc. (HPP) is a state licensed Health Maintenance Organization serving Medicaid members in the greater Flint and Saginaw regions and began operations on January 1, 2003. The Company reports its investment in HPP at statutory equity, which amounted to \$26,875,978 in 2011 and \$32,361,184 in 2010, and is

## Notes to Financial Statements

reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPP for the provision of administrative services. These services amounted to \$18,860,470 in 2011 and \$16,439,297 in 2010. The Company received an ordinary dividend of \$2,300,000 from HPP on June 15, 2011.

HealthPlus Insurance Company (HPI) is a state licensed Insurance Company and began operations January 1, 2007 offering a PPO product. The Company reports its investment in HPI at statutory equity, which amounted to \$15,165,352 in 2011 and \$14,375,513 in 2010, and is reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPI for the provision of administrative services. These services amounted to \$2,519,736 in 2011 and \$1,923,039 in 2010.

D. The Company reported receivables from subsidiaries of \$719,138 and \$2,387,943 and payables to subsidiaries of \$1,216,710 and \$936,050 as of December 31, 2011 and 2010 respectively. These amounts are settled monthly.

E. Affiliate guarantees – None

F. The Company has entered into agreements with its subsidiaries for the provision of administrative services. Administrative expenses are allocated based on adjusted premium revenue.

G. The nature of the control relationship does not result in the operating results or financial position being significantly different than those that would have been obtained if the enterprises were autonomous.

H. Ownership in an upstream Parent or Affiliate - None

I. The Company's investment in its wholly-owned subsidiary HealthPlus Partners, Inc. exceeds 10% of the Company's admitted assets. HPP is reported at statutory equity, which amounted to \$26,875,978 as of December 31, 2011. HPP's admitted assets and liabilities at December 31, 2011 were \$49,547,612 and \$22,671,634 respectively. HPP reported net income/(loss) of (\$3,317,100) as of the Year Ended December 31, 2011.

J. Investments in Impaired Subsidiaries – None

K. Investments in Foreign Insurance Subsidiary – None

L. Investment in Downstream Non-insurance Holding Company – None

### 11. Debt

A. Debt, including Capital Notes and Holding Company Obligations – None

B. Federal Home Loan Bank (FHLB) agreements - None

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

#### A. Defined Benefit Plan

The Company has a retiree health insurance program. To be eligible, the participant must have retired from active employment, attained the age of 62 and have 15 years of full-time service. The Company currently funds the cost of these benefits as they are incurred.

The following table sets forth the plan’s funded status and amounts recognized in the balance sheet for postretirement medical benefits:

	December 31, 2011 <i>(In Thousands)</i>	December 31, 2010 <i>(In Thousands)</i>
Benefit obligation at beginning of year	\$107	\$ 28
Interest cost	5	1
Service cost	0	36
Benefit payments	(34)	0
Unrecognized actuarial (gains) losses	(22)	42
Benefit obligation at end of year	56	107
Unrecognized net actuarial gain	112	95
Accrued postretirement benefit cost	\$ 168	\$ 202

The following is a summary of net periodic postretirement expense:

	Year Ended December 31, 2011 <i>(In Thousands)</i>	Year Ended December 31, 2010 <i>(In Thousands)</i>
Interest cost	\$ 5	\$ 1
Service cost	0	36
Amortization of net actuarial gain	(5)	(7)
Net periodic postretirement cost (income)	\$ 0	\$ 30

The weighted-average annual assumed rate of increase in the per capita cost of covered health care benefits (i.e., health care cost trend rate) is 7.6% for 2011 and is assumed to decrease annually to 4.5% in 2029 and remain at that level thereafter. The weighted-average discount rate used in determining the accumulated postretirement obligation was 4.55% and 5.35% at December 31, 2011 and 2010 respectively. The weighted-average discount rate used in determining the net periodic postretirement benefit cost was 5.35% for the years ended December 31, 2011 and 2010. The Company uses a measurement date of December 31 to measure the obligations.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would not have a material effect on the total service and interest cost components or on the postretirement benefit obligation.

Expected cash flows for the postretirement benefits are as follows (in thousands):

Expected benefit payments for the year ended December 31:	
2012	\$ 30
2013	42
2014	26
2015	48
2016	51
2017 – 2021	573

## Notes to Financial Statements

### B. Defined Contribution Plan

A contributory defined contribution plan is provided to substantially all employees of the Company. Participating employees are eligible to contribute up to 15% of their annual compensation to the plan. The Company contributes 7% of participating employees' annual compensation into the benefit plan. Company contributions were approximately \$1,815,000 in 2011 and \$1,776,000 in 2010.

### C. Multiemployer Plans – None

### D. Consolidated/Holding Company Plans – None

### E. Postemployment Benefits and Compensated Absences

HPM employees accrue Paid Time Off (PTO) bi-weekly based on years of service. These amounts are accrued as they are earned. The PTO liability was \$1,721,845 and \$1,542,821 as of the Years Ended December 31, 2011 and 2010 respectively.

### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

On December 8, 2003, the Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to certain sponsors of postretirement health care benefit plans that provide a prescription drug benefit to their enrollees. The Company believes its postretirement benefit plan may qualify for subsidy under the Act.

In accordance with Financial Accounting Standards Board (FASB) Staff Position 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, the accumulated postretirement benefit obligation and net periodic postretirement benefit cost do not include the effect of the Act as the Company has elected to defer the accounting for the impact of the Act until pending authoritative guidance is issued. Once issued, such authoritative literature may require the Company to modify previously reported information.

## 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) Capital Stock – None
- 2) Preferred Stock – None
- 3) Dividend Restrictions – Distributions of earnings is prohibited by the Company's bylaws.
- 4) Dividends Paid – None
- 5) Portion of profits that may be paid as dividends – Distribution of earnings is prohibited by the Company's bylaws.
- 6) Restrictions on Unassigned Funds (Surplus) – None
- 7) Advances to Surplus – Not Applicable
- 8) Stock held for special purposes – None
- 9) Changes in special surplus funds – None
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is (\$7,162,842).
- 11) Surplus debentures or similar obligations – None
- 12) Impact of prior quasi-reorganizations – None
- 13) Effective dates of quasi-reorganizations in the prior ten years - None

## 14. Contingencies

- A. Contingent Commitments – None
- B. Assessments – None
- C. Gain Contingencies – None
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None
- E. All Other Contingencies - In the normal course of business, HealthPlus of Michigan, Inc. is a party to certain legal matters. Management is of the opinion that resolution of these matters

Notes to Financial Statements

will not have a material effect on the Company’s financial position or results of operations. The Company has no assets that it considers to be impaired.

15. Leases

A. Lessee Operating Leases

- 1) The Company leases office equipment and space under various operating lease agreements. Total rental expense for all operating leases was approximately \$457,000 and \$426,000 in 2011 and 2010 respectively.
- 2) Minimum aggregate rental commitments

<u>Year Ended</u> <u>December 31</u>	<u>Operating</u> <u>Leases</u> <u>(in thousands)</u>
2012	\$276
2013	108
2014	<u>36</u>
	\$ <u>420</u>

- 3) Sales-leaseback transactions – None

B. Lessor Leases and Leveraged Leases - None

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales – None
- B. Transfer and Servicing of Financial Assets – None
- C. Wash Sales - None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract
  - a. Revenue from the Company’s Medicare Part D cost based reimbursement portion of its contract with the Centers for Medicare and Medicaid Services (CMS) consisted of \$350,859 for the reinsurance subsidy and \$308,008 for the low-income cost sharing subsidy in 2011.
  - b. As of December 31, 2011 the Company has recorded receivables from CMS related to this program of \$433,035.
  - c. Recorded allowances and reserves for adjustment of recorded revenue – None
  - d. Adjustments to revenue resulting from audit of receivable related to revenues recorded in the prior period - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

20. Fair Value Measurements

A.

1) Assets Measured at Fair Value on a Recurring Basis

Description	Level 1	Level 2	Level 3	Total
a. Assets at fair value				
Common Stocks	\$12,889,355	\$0	\$0	\$12,889,355
b. Liabilities at fair value	\$0	\$0	\$0	\$0

2) Assets at Fair Value on a Recurring Basis Using Significant Unobservable Inputs – None

B.

1) Assets Measured at Fair Value on a Nonrecurring Basis – None

21. Other Items

- A. Extraordinary Items – None
- B. Troubled Debt Restructuring: Debtors – None
- C. Other Disclosures

Statutory Reserve: As a condition of licensure with the State of Michigan, The Company maintains a deposit in the amount of \$1,000,000 in a segregated account and can only be used by the Company at the discretion of the Insurance Commissioner. These funds are invested in an exempt money market mutual fund and reported in short-term investments. Interest on these funds accrues to the Company.

- D. The Company had admitted premiums receivable of \$3,325,995 and \$16,307,387 at December 31, 2011 and 2010 respectively. The Company routinely assesses the collectability of these receivables and amounts over 90 days past due are non-admitted.
- E. Business Interruption Insurance Recoveries – None
- F. State Transferable Tax Credits – None
- G. Subprime-Mortgage-Related Risk Expense – None
- H. Retained Assets – Not applicable

22. Events Subsequent

There were no events subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the Company.

23. Reinsurance

- A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?  
Yes ( )              No (x)

Notes to Financial Statements

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?  
Yes ( )                      No (x)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?  
Yes (x)                      No ( )
- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.  
\$ 0.
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?  
\$ 0.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?  
Yes ( )                      No (x)

Section 3 – Ceded Reinsurance – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.  
\$ 0.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?  
Yes ( )                      No (x)

(3) Uncollectible Reinsurance

None.

C. Commutation of Ceded Reinsurance

None.

Notes to Financial Statements

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. HealthPlus provides health coverage to federal employees under the Federal Employees Health Benefits Program (FEHBP) and is subject to rate redetermination. Under the terms of the contract with the Office of Personnel Management (OPM) HealthPlus is to provide health coverage at the lowest rate charged to Similar Sized Subscriber Groups.
- The Company provides Medicare Advantage health coverage to approximately 15,200 members. Retrospective premiums are estimated based on members risk score adjustments submitted to CMS.
- B. The Company records accrued retrospective premiums as an adjustment to earned premiums.
- C. The amount of net premiums written by the Company at December 31, 2011 that are subject to retrospective rating features was \$15,996,681 or 3% of total net premiums for the FEHBP program and \$193,811,919 or 40% of total net premiums for the Medicare Advantage program. The amount of net premiums written by the Company that are subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act are \$287,525,508 or 60% of total net premiums.
- D. Medical loss rebates required pursuant to the Public Health Service Act - None

25. Change in Incurred Claims and Claim Adjustment Expenses

The following table provides a reconciliation of the beginning and ending claims payable, net of reinsurance recoverables:

	Year Ended December 31	
	2011	2010
	(In Thousands)	
Reserve for claims payable, at beginning of year	\$ 41,901	\$ 50,407
Add provision for claims, occurring in:		
Current year	417,891	389,037
Prior years	<u>(19)</u>	<u>(2,298)</u>
Net incurred claim expense during the current year	417,872	386,739
Deduct payments for claims occurring in:		
Current year	370,382	349,675
Prior years	<u>40,194</u>	<u>45,570</u>
Net claim payments during the current year	<u>410,576</u>	<u>395,245</u>
Reserve for claims payable, at end of year	<u><u>49,197</u></u>	<u><u>41,901</u></u>

The favorable development of the 2011 reserves is primarily due to 2010 pharmacy incurred claim costs developing with less severity and frequency than anticipated. The net effect, after risk sharing, on expenses was \$503,000 for 2011.

The favorable development of the 2010 reserves is primarily due to 2009 physician, outpatient, and pharmacy incurred claim costs developing with less severity and frequency than anticipated. The net effect, after risk sharing, on expenses was 13,000 for 2010.

26. Intercompany Pooling Arrangements

None.

Notes to Financial Statements

27. Structured Settlements

Not applicable.

28 Health Care Receivables

A. Pharmaceutical Rebate Receivables

Pharmaceutical rebate receivables consist of actual amounts billed for the previous quarter, based on actual prescriptions filled, and estimates of rebates for the current quarter. Estimated rebates are based primarily on historical trends.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2011	986,000	0	0	0	0
09/30/2011	886,275	1,013,445	127,170	0	0
06/30/2011	0	968,507	804,240	164,267	0
03/31/2011	0	959,330	844,157	115,173	0
12/31/2010	0	949,573	819,065	130,508	0
09/30/2010	0	962,085	770,065	192,020	0
06/30/2010	0	1,031,590	905,565	126,025	0
03/31/2010	0	928,594	710,207	218,387	0
12/31/2009	0	1,005,288	796,133	209,155	0
09/30/2009	0	953,418	799,421	153,997	0
06/30/2009	0	1,208,462	1,075,059	133,403	0
03/31/2009	0	1,040,372	762,521	277,851	0

B. Risk Sharing Receivables

The Company has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations, and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Company's members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Company receives for providing health insurance coverage to employer groups. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

The following table details risk sharing receivables recorded in accordance with the provisions of the aforementioned agreements.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2011	2011	0	1,073,664	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0	0
2010	2010	0	2,292,879	2,292,879	0	2,292,879	0	0	0
	2011	0	0	0	0	0	0	0	0
2009	2009	0	1,290,797	1,290,797	0	1,290,797	0	0	0
	2010	0	0	0	0	0	0	0	0
2008	2008	0	1,249,892	1,249,892	0	1,249,892	0	0	0
	2009	0	0	0	0	0	0	0	0

Notes to Financial Statements

29. Participating Policies

None.

30. Premium Deficiency Reserves

None.

31. Anticipated Salvage and Subrogation

The Company has not specifically identified any anticipated salvage and subrogation amounts in its calculation of loss reserves.

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[ ]
- 2.2 If yes, date of change:

02/24/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/29/2011
- 3.4 By what department or departments?

Department of Licensing and Regulatory Affairs, Office of Financial & Insurance Regulation, Office of Financial Evaluation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]  
Yes[X] No[ ] N/A[ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP Suite 1700, 500 Woodward, Detroit, MI, 48226
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Michael J. Cellini, ASA, MAAA, Ernst & Young, LLP, 5 Times Square, New York, NY, 10036

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$ 0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount
15.2001	.....	.....	.....	..... 0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$ ..... 0
- 20.12 To stockholders not officers

\$ ..... 0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$ ..... 0
- 20.22 To stockholders not officers

\$ ..... 0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$ ..... 0
- 21.22 Borrowed from others

\$ ..... 0
- 21.23 Leased from others

\$ ..... 0
- 21.24 Other

\$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$ ..... 0
- 22.22 Amount paid as expenses

\$ ..... 0
- 22.23 Other amounts paid

\$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ ..... 0

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[ ]
- 24.2 If no, give full and complete information, relating thereto:
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

\$ ..... 0
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$ ..... 0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[ ] No[ ] N/A[X]
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[ ] No[ ] N/A[X]
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Pledged as collateral

25.26 Placed under option agreements

25.27 Letter stock or securities restricted as to sale

25.28 On deposit with state or other regulatory body

25.29 Other

Yes[X] No[ ]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 1,000,000

\$ ..... 0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]

Yes[ ] No[X]

\$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[ ]

1	2
Name of Custodian(s)	Custodian's Address
JP Morgan Asset Management .....	611 Woodward Avenue, Detroit, MI, 48226 .....
Citizens Bank Wealth Management .....	328 S. Saginaw Street, Flint, MI 48502 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
111223 .....	Citizens Bank Wealth Management .....	328 S. Saginaw St., Flint, MI 48502 .....
104234 .....	JP Morgan Asset Management .....	611 Woodward Ave., Detroit, MI, 48226 .....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[X] No[ ]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
..... 4812C1553 .....	JPMorgan Equity Index Fund .....	..... 1,834,480
..... 922040100 .....	Vanguard Instl Index Fd .....	..... 5,033,715
29.2999 Total .....	.....	..... 6,868,195

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
JPMorgan Equity Index Fund .....	Exxon-Mobil Corp. ....	64,207 .....	12/31/2011 ..
JPMorgan Equity Index Fund .....	Apple, Inc. ....	60,538 .....	12/31/2011 ..
JPMorgan Equity Index Fund .....	International Business Machines Corp. ....	34,855 .....	12/31/2011 ..
JPMorgan Equity Index Fund .....	Chevron Corp. ....	34,855 .....	12/31/2011 ..
JPMorgan Equity Index Fund .....	Microsoft Corp. ....	31,186 .....	12/31/2011 ..
Vanguard Instl Index Fd .....	Exxon-Mobil Corp. ....	176,180 .....	12/31/2011 ..
Vanguard Instl Index Fd .....	Apple, Inc. ....	166,113 .....	12/31/2011 ..
Vanguard Instl Index Fd .....	International Business Machines Corp. ....	95,641 .....	12/31/2011 ..
Vanguard Instl Index Fd .....	Chevron Corp. ....	90,607 .....	12/31/2011 ..
Vanguard Instl Index Fd .....	Microsoft Corp. ....	85,573 .....	12/31/2011 ..

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	87,075,713 .....	87,399,905 .....	324,192 .....
30.2 Preferred stocks .....	0 .....	0 .....	0 .....
30.3 Totals .....	87,075,713 .....	87,399,905 .....	324,192 .....

30.4 Describe the sources or methods utilized in determining the fair values  
Fair values are determined by current market values provided by the Company's investment custodians.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[ ] No[X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[ ] No[ ] N/A[X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ ..... 156,196

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
America's Health Insurance Plans .....	76,696 .....
Michigan Association of Health Plans .....	79,500 .....

34.1 Amount of payments for legal expenses, if any?

\$ ..... 256,688

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Williams Firm .....	173,645 .....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ ..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid
.....	0 .....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ ..... 0

1.62 Total incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ ..... 0

1.65 Total incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ ..... 0

1.72 Total incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ ..... 0

1.75 Total incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	481,337,427	444,026,530
2.2	Premium Denominator .....	481,337,427	444,026,530
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	64,022,498	57,383,609
2.5	Reserve Denominator .....	64,022,498	57,383,609
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[ ] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 1,000,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Provider contracts provide for continuation of services and hold-harmless language. An insolvency rider is also in place.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 5,190

8.2 Number of providers at end of reporting year

..... 6,779

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 15,482,348

10.22 Amount actually paid for year bonuses

\$ ..... 14,861,349

10.23 Maximum amount payable withholds

\$ ..... 2,935,501

10.24 Amount actually paid for year withholds

\$ ..... 1,459,897

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

\$ ..... 50,423,670

11.6 If the amount is calculated, show the calculation.

Yes[ ] No[X]

The greater of \$1,500,000, four percent of subscription revenue, three month's uncovered expenditures or RBC after covariance.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Arenac County, MI .....
Bay County, MI .....
Saginaw County, MI .....
Tuscola County, MI .....
Shiawassee County, MI .....
Genesee County, MI .....
Lapeer County, MI .....
Oakland County, MI .....

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Livingston County, MI .....
Clare County, MI .....
Macomb County, MI .....
St. Clair County, MI .....
Wayne County, MI .....
Washtenaw County, MI .....
Iosco County, MI .....
Portions of Isabella County, MI .....
Portions of Gratiot County, MI .....
Portions of Montcalm County, MI .....
Portions of Sanilac County, MI .....
Portions of Midland County, MI .....
Portions of Huron County, MI .....
Portions of Gladwin County, MI .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$..... 0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	170,266,601	159,428,525	164,672,096	157,640,448	160,571,261
2. TOTAL Liabilities (Page 3, Line 24) .....	74,159,323	68,305,417	78,295,385	75,522,309	84,563,052
3. Statutory surplus .....	50,423,670	45,295,508	41,385,702	35,028,550	31,117,518
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	96,107,278	91,123,108	86,376,711	82,118,139	76,008,209
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	481,337,427	444,026,530	435,591,417	417,176,256	412,622,335
6. TOTAL Medical and Hospital Expenses (Line 18) .....	431,151,234	398,589,787	391,535,899	361,506,131	357,883,159
7. Claims adjustment expenses (Line 20) .....	6,763,802	6,391,413	10,253,523	13,120,126	12,052,487
8. TOTAL Administrative Expenses (Line 21) .....	38,687,151	36,856,579	31,400,852	30,298,613	27,996,490
9. Net underwriting gain (loss) (Line 24) .....	4,735,240	2,188,751	(298,857)	12,251,386	14,690,199
10. Net investment gain (loss) (Line 27) .....	3,962,647	916,268	944,498	3,435,684	5,306,298
11. TOTAL Other Income (Lines 28 plus 29) .....	5,747	4,971	6,592	6,346	(179,862)
12. Net income or (loss) (Line 32) .....	8,703,634	3,109,990	652,233	15,693,416	19,816,635
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	28,537,664	(14,699,619)	1,863,257	8,073,339	23,836,799
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	96,107,278	91,123,108	86,376,711	82,118,139	76,008,209
15. Authorized control level risk-based capital .....	25,211,835	22,647,754	20,692,851	17,514,275	15,558,759
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	73,182	73,890	77,168	86,233	88,023
17. TOTAL Members Months (Column 6, Line 7) .....	883,478	883,361	946,291	1,041,490	1,068,324
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	89.6	89.8	89.9	86.7	86.7
20. Cost containment expenses .....	0.7	0.8	1.4	2.2	2.0
21. Other claims adjustment expenses .....	0.7	0.7	0.9	1.0	0.9
22. TOTAL Underwriting Deductions (Line 23) .....	99.0	99.5	100.1	97.1	96.4
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	1.0	0.5	(0.1)	2.9	3.6
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	55,400,521	62,136,735	62,146,597	64,848,926	62,108,229
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	53,594,297	62,353,094	62,387,153	66,345,968	65,308,598
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....	43,495,693	14,375,513	13,051,590	10,898,250	8,328,825
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	33,624,177	23,973,914	10,796,613	10,094,116
32. TOTAL of Above Lines 26 to 31 .....	43,495,693	47,999,690	37,025,504	21,694,863	18,422,941

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

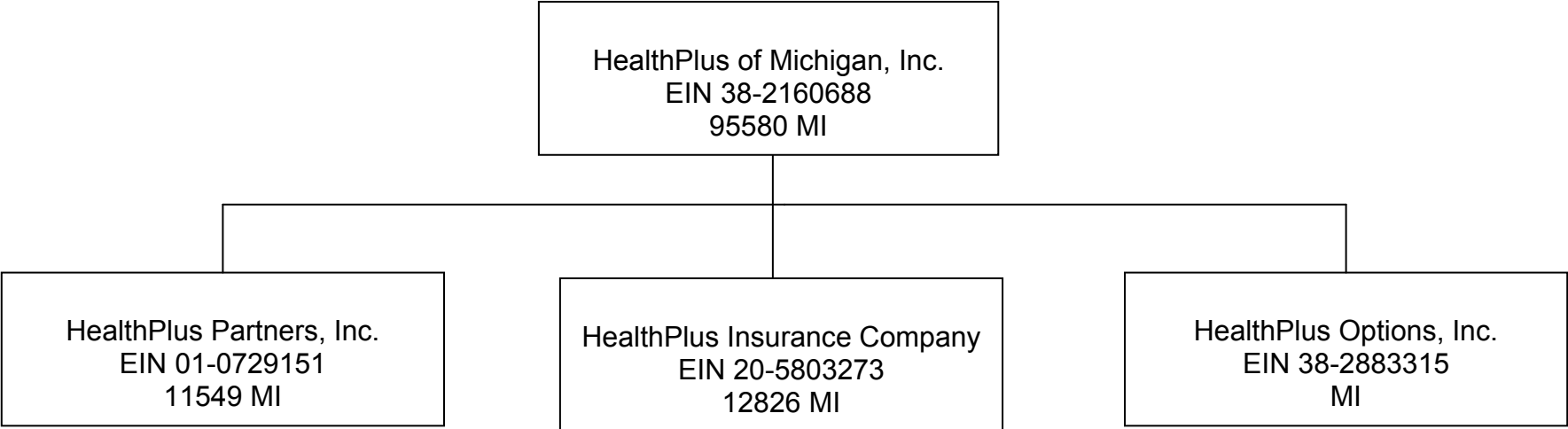
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N	0	0	0	0	0	0	0	0
2.	Alaska (AK)	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ)	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR)	N	0	0	0	0	0	0	0	0
5.	California (CA)	N	0	0	0	0	0	0	0	0
6.	Colorado (CO)	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT)	N	0	0	0	0	0	0	0	0
8.	Delaware (DE)	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10.	Florida (FL)	N	0	0	0	0	0	0	0	0
11.	Georgia (GA)	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI)	N	0	0	0	0	0	0	0	0
13.	Idaho (ID)	N	0	0	0	0	0	0	0	0
14.	Illinois (IL)	N	0	0	0	0	0	0	0	0
15.	Indiana (IN)	N	0	0	0	0	0	0	0	0
16.	Iowa (IA)	N	0	0	0	0	0	0	0	0
17.	Kansas (KS)	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY)	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA)	N	0	0	0	0	0	0	0	0
20.	Maine (ME)	N	0	0	0	0	0	0	0	0
21.	Maryland (MD)	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23.	Michigan (MI)	L	271,998,398	193,854,241	0	16,024,969	0	0	481,877,608	0
24.	Minnesota (MN)	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS)	N	0	0	0	0	0	0	0	0
26.	Missouri (MO)	N	0	0	0	0	0	0	0	0
27.	Montana (MT)	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE)	N	0	0	0	0	0	0	0	0
29.	Nevada (NV)	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH)	N	0	0	0	0	0	0	0	0
31.	New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM)	N	0	0	0	0	0	0	0	0
33.	New York (NY)	N	0	0	0	0	0	0	0	0
34.	North Carolina (NC)	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND)	N	0	0	0	0	0	0	0	0
36.	Ohio (OH)	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38.	Oregon (OR)	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA)	N	0	0	0	0	0	0	0	0
40.	Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC)	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD)	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN)	N	0	0	0	0	0	0	0	0
44.	Texas (TX)	N	0	0	0	0	0	0	0	0
45.	Utah (UT)	N	0	0	0	0	0	0	0	0
46.	Vermont (VT)	N	0	0	0	0	0	0	0	0
47.	Virginia (VA)	N	0	0	0	0	0	0	0	0
48.	Washington (WA)	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV)	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY)	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS)	N	0	0	0	0	0	0	0	0
53.	Guam (GU)	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56.	Northern Marianas Islands (MP)	N	0	0	0	0	0	0	0	0
57.	Canada (CN)	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT)	X X X	0	0	0	0	0	0	0	0
59.	Subtotal	X X X	271,998,398	193,854,241	0	16,024,969	0	0	481,877,608	0
60.	Reporting entity contributions for Employee Benefit Plans	X X X	0	0	0	0	0	0	0	0
61.	TOTAL (Direct Business)	(a).... 1	271,998,398	193,854,241	0	16,024,969	0	0	481,877,608	0
DETAILS OF WRITE-INS										
5801.		X X X	0	0	0	0	0	0	0	0
5802.		X X X	0	0	0	0	0	0	0	0
5803.		X X X	0	0	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: All premiums are written in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



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